

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

September 30, 2013

(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements and the accompanying notes thereto contained in this report have been prepared by the management and have not been reviewed or audited by the Company's external auditor.

GobiMin Inc.
Condensed Interim Statements of Financial Position (Unaudited)
As at September 30, 2013
(Expressed in United States Dollars)

	Note	September 30, 2013	December 31, 2012
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	33,830,149	46,608,027
Prepayments, deposits and other receivables	8	3,643,819	3,807,903
Amounts due from an associate	9	5,368,384	2,074,557
Other financial assets	15	26,650,766	26,620,721
Total current assets		69,493,118	79,111,208
Non-current assets			
Property, plant and equipment	10	7,995,258	1,652,263
Investment properties	11	2,373,672	2,467,322
Exploration and evaluation assets	12	32,475,265	29,948,601
Share of interests in associates and a joint venture	13,14	3,539,591	2,954,918
Other financial assets	15	4,338,478	4,368,523
Deposit paid to related parties	16	587,672	580,150
Total non-current assets		51,309,936	41,971,777
Total assets		120,803,054	121,082,985
LIABILITIES			
Current liabilities			
Other payables, receipts in advance and accrued liabilities	17	28,250,939	29,837,345
Deferred tax liabilities		3,409,122	3,409,122
Bank loans	18	3,493,692	-
Total current liabilities		35,153,753	33,246,467
Non-current liabilities			
Other payables, receipts in advance and accrued liabilities	17	-	32,380
Bank loans	18	1,915,612	-
Total non-current liabilities		1,915,612	32,380
Total liabilities		37,069,365	33,278,847
EQUITY			
Share capital	19	25,585,850	26,119,074
Reserves		57,142,156	60,257,127
Equity attributable to shareholders of the Company		82,728,006	86,376,201
Non-controlling interests	20	1,005,683	1,427,937
Total equity		83,733,689	87,804,138
Total liabilities and equity		120,803,054	121,082,985

The accompanying notes form an integral part of these Financial Statements.

APPROVED BY THE BOARD ON NOVEMBER 21, 2013 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Hubert Marleau
Director

GobiMin Inc.
Condensed Interim Statements of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2013
(Expressed in United States Dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
		\$	\$	\$	\$
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Selling and distribution cost		-	-	-	-
Gross profit		-	-	-	-
Other revenue	21	300,254	194,738	667,197	1,143,380
General and administrative expenses	22	(1,754,347)	(1,898,644)	(4,006,222)	(4,176,391)
Share of results of associates and a joint venture	13,14	167,486	399,877	454,335	587,725
Operating loss		(1,286,607)	(1,304,029)	(2,884,690)	(2,445,286)
Gain on disposal of property, plant and equipment		-	-	75,194	-
Gain on disposal of subsidiaries	5	386	-	386	-
Gain on disposal of an associate	6	-	5,960,192	-	5,960,192
Exchange gain/(loss)		3,818	50,873	(50,266)	10,725
Finance costs	23	(60,256)	(2,197)	(75,424)	(8,159)
Profit/(Loss) before income tax		(1,342,659)	4,704,839	(2,934,800)	3,517,472
Income tax expense		-	-	-	-
Profit/(Loss) for the period		(1,342,659)	4,704,839	(2,934,800)	3,517,472
Other comprehensive income/(loss), net of tax					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(208,879)	(85,536)	(63,249)	(85,536)
Total comprehensive income/(loss) for the period		(1,551,538)	4,619,303	(2,998,049)	3,431,936
Profit/(Loss) for the period attributable to:					
Shareholders of the Company		(1,087,701)	5,074,408	(2,535,269)	4,059,930
Non-controlling interests	20	(254,958)	(369,569)	(399,531)	(542,458)
		(1,342,659)	4,704,839	(2,934,800)	3,517,472
Total comprehensive income/(loss) for the period attributable to:					
Shareholders of the Company		(1,273,857)	4,988,872	(2,575,795)	3,974,394
Non-controlling interests	20	(277,681)	(369,569)	(422,254)	(542,458)
		(1,551,538)	4,619,303	(2,998,049)	3,431,936
Net earnings/(losses) per share					
Basic and diluted	19.7	(0.018)	0.084	(0.043)	0.066

The accompanying notes form an integral part of these Financial Statements.

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the quarter ended September 30, 2013
(Expressed in United States Dollars)

	Attributable to shareholders of the Company						Non-controlling interests Note 20	Total equity
	Share capital Note 19.1	Contributed surplus	Share option reserve	General reserve Note 19.3	Translation reserve Note 19.4	Retained earnings		
At January 1, 2012 (Restated)	\$ 27,461,311	\$ 2,468,142	\$ 701,260	\$ 7,666	\$ 3,395,392	\$ 50,780,617	\$ 1,811,923	\$ 86,626,311
Profit/(Loss) for the period	-	-	-	-	-	4,059,930	(542,458)	3,517,472
Other comprehensive loss	-	-	-	-	(85,536)	-	-	(85,536)
Total comprehensive income/(loss)	-	-	-	-	(85,536)	4,059,930	(542,458)	3,431,936
Dividend paid (Note 26)	-	-	-	-	-	(607,520)	-	(607,520)
Shares repurchased	(1,700,955)	-	-	-	-	-	-	(1,700,955)
Options cancelled	-	-	(9,786)	-	-	9,786	-	-
Share-based compensation	-	-	301,610	-	-	-	-	301,610
At September 30, 2012 (Restated)	25,760,356	2,468,142	993,084	7,666	3,309,856	54,242,813	1,269,465	88,051,382
At January 1, 2013	26,119,074	2,399,939	958,362	7,666	3,920,996	52,970,164	1,427,937	87,804,138
Loss for the period	-	-	-	-	-	(2,535,269)	(399,531)	(2,934,800)
Other comprehensive loss	-	-	-	-	(40,526)	-	(22,723)	(63,249)
Total comprehensive loss	-	-	-	-	(40,526)	(2,535,269)	(422,254)	(2,998,049)
Dividend paid (Note 26)	-	-	-	-	-	(592,165)	-	(592,165)
Shares repurchased	(533,224)	-	-	-	-	-	-	(533,224)
Options cancelled	-	-	(335,414)	-	-	335,414	-	-
Share-based compensation	-	-	52,989	-	-	-	-	52,989
At September 30, 2013	25,585,850	2,399,939	675,937	7,666	3,880,470	50,178,144	1,005,683	83,733,689

The accompanying notes form an integral part of these Financial Statements.

GobiMin Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
For the quarter ended September 30, 2013
(Expressed in United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	\$	\$	\$	\$
Operating activities				
Profit/(Loss) before income tax	(1,342,659)	4,704,839	(2,934,800)	3,517,472
Adjustments for items not involving cash:				
- Depreciation	126,141	111,539	344,713	322,200
- Share-based payment	2,294	92,951	52,989	301,610
- Share of results of associates and a joint venture	(167,486)	(399,877)	(454,335)	(587,725)
- Gain on disposal of property, plant and equipment	-	-	(75,194)	(275,033)
- Exchange difference	(3,818)	(50,873)	50,266	(10,725)
- Interest income	(202,973)	(146,203)	(457,897)	(716,627)
- Interest expense	58,196	1,174	69,906	3,953
- Gain on disposal of subsidiaries	(386)	-	(386)	-
- Gain on disposal of an associate	-	(5,960,192)	-	(5,960,192)
	(1,530,691)	(1,646,642)	(3,404,738)	(3,405,067)
Working capital adjustments:				
- Prepayments, deposits and other receivables	506,698	136,107	(329,486)	(695,557)
- Amount due from an associate	2,242,657	3,235,038	(3,355,629)	4,375,341
- Other payables, receipts in advance and accrued liabilities	1,160,850	(2,329,231)	(1,583,992)	(3,512,672)
Net cash flow from/(used in) operating activities	2,379,514	(604,728)	(8,673,845)	(3,237,955)
Financing activities				
Interest paid	(58,196)	(1,174)	(69,906)	(3,953)
Shares repurchased	(396,413)	(694,976)	(533,224)	(1,700,955)
New bank loans raised	804,376	-	5,437,581	-
Repayment of bank loan	(28,276)	-	(28,276)	-
Repayment of obligations under finance lease	(11,737)	(11,188)	(34,794)	(37,361)
Dividend paid	-	-	(592,165)	(607,520)
Net cash flow from/(used in) financing activities	309,754	(707,338)	4,179,216	(2,349,789)
Investing activities				
Interest received	202,973	146,203	457,897	716,627
Dividend received	-	-	61,802	385,667
Capital injection to an associate	-	-	(128,700)	-
Proceeds received from disposal of subsidiaries	386	-	386	-
Additions of held-to-maturity financial assets	-	(205,770)	-	(205,770)
Additions of property, plant and equipment	(30,244)	(206,071)	(6,603,132)	(826,710)
Additions of exploration and evaluation assets	(1,599,686)	(5,999,680)	(2,456,660)	(6,020,856)
Payment of mining licence fee	-	(873,487)	-	(873,487)
Disposal of property, plant and equipment	-	-	99,713	447,998
Net cash flow used in investing activities	(1,426,571)	(7,138,805)	(8,568,694)	(6,376,531)
Increase/(Decrease) in cash and cash equivalents	1,262,697	(8,450,871)	(13,063,323)	(11,964,275)
Effect of foreign exchange rate changes	-	(85,536)	285,445	(85,536)
Cash and cash equivalents at beginning of the period	32,567,452	58,792,230	46,608,027	62,305,634
Cash and cash equivalents at end of the period	33,830,149	50,255,823	33,830,149	50,255,823

The accompanying notes form an integral part of these Financial Statements.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2013
(Express in United States Dollars)

1. CORPORATE INFORMATION

GobiMin Inc. (the “Company” or “GobiMin”) is a limited liability company incorporated in Canada under the Canada Business Corporations Act. It is listed on the TSX Venture Exchange, having the symbol GMN-V, as a Tier 2 mining issuer. Its registered office is situated at Suite 1250, 120 Adelaide Street West, Toronto, Ontario M5H 1T1, Canada.

The Company together with its subsidiaries (collectively the “Group”) is engaged in the development and exploration of mineral properties mainly in the Xinjiang Uygur Autonomous Region (“Xinjiang”) of the People’s Republic of China (“China”).

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), with disclosure and accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are consistent with the policies disclosed in notes 2 and 3 to the consolidated financial statements for the year ended December 31, 2012, except for the change referred to note 4 below. Accounting principles for condensed interim financial statements do not conform in all respects to the disclosures required for annual consolidated financial statements and, accordingly, these condensed interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2012. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited condensed interim financial statements. These adjustments consist only of normal recurring adjustments. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2013.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group applies for the first time the following new standards and amendments to IFRS effective as of January 1, 2013:

IAS 12	Income Taxes – Amendments regarding Deferred Tax
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements
IAS 28	Investments in Associates and Joint Ventures
IFRS 11	Joint Arrangements
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS7	Disclosure of Financial Instruments

The amendment IAS 1 Presentation of Items of Other Comprehensive Income that became effective as of July 1, 2012 is also applied by the Group for the first time in the condensed interim financial statements. The adoption of these amendments to IFRS did not result in substantial changes to the Group’s accounting policies and amounts reported for the current period and prior years.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
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(Express in United States Dollars)

5. GAIN ON DISPOSAL OF SUBSIDIARIES

For the period ended September 30, 2013, three subsidiaries of the Company were being disposed. As at the date of disposal, the net assets of the three subsidiaries was nil and the consideration from the disposal was \$386 (HK\$3,000) which resulted in a gain on disposal of subsidiaries of \$386 (2012: Nil) during the period.

For the three and nine months ended	September 30, 2013	September 30, 2012
	\$	\$
Net assets of the disposed subsidiaries as of disposal date	-	-
Gain on disposal of subsidiaries	386	-
Consideration from disposal	386	-

6. GAIN ON DISPOSAL OF AN ASSOCIATE

Pursuant to the share transfer agreement dated July 14, 2010 and the related supplemental agreements, the Group disposed of its 32% equity interest in the Yanxi Copper Property on July 22, 2010 while retaining an 8% indirect unlisted equity interest. The Group has received a total consideration of \$33,333,333 (HK\$259,000,000), comprising the cash consideration of \$7,722,007 (HK\$60,000,000) and the convertible bonds with principal amount of \$25,611,326 (HK\$199,000,000) when the final payment was received upon receipt of the Yanxi Mining Licence in August 2012. After deducting the cost of investments, provision of mining licence fee and related tax and expenses of \$27,373,141, the disposal resulted in a gain of \$5,960,192 in the quarter ended September 30, 2012.

For the three and nine months ended	September 30, 2012
	\$
Share of net assets of an associate	861,128
Amount payable to holders of 48% equity interest of the associate, mining licence fee, provision of tax and related expenses for the Yanxi Copper Property	26,512,013
Gain on disposal of an associate	5,960,192
Consideration from disposal	33,333,333

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held in different locations:

Location	September 30, 2013	December 31, 2012
	\$	\$
Canada	672,218	26,906
Hong Kong	30,653,151	24,276,195
China	2,504,780	22,304,926
Total	33,830,149	46,608,027

The RMB is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2013
(Express in United States Dollars)

The fair market values of cash and cash equivalents approximate their carrying values at the respective reporting date.

8. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at	Note	September 30, 2013	December 31, 2012
		\$	\$
Deferred expenditure	8.1	2,749,266	2,060,713
Prepayments		20,366	18,605
Deposits	8.2	721,365	1,624,576
Other receivables		152,822	104,009
Total		3,643,819	3,807,903

8.1 Deferred expenditure

Pursuant to the supplemental agreement dated May 31, 2012 in relation to the disposal of Yanxi Copper Property, the Group was entitled to an additional consideration of \$10,831,459 (HK\$84,160,440) based on the resource estimate of the area which is adjacent to the Yanxi Copper Property (the “New Area”). In return, the Group is responsible for applying for a mining licence for the New Area. The licence should be obtained on or before June 30, 2014. As at September 30, 2013, the Group had incurred expenditure of \$2,746,266 (December 31, 2012: \$2,060,713) in relation to the mining licence application and this expenditure was recognized as deferred expenditure.

8.2 Deposits

As at September 30, 2013, the deposits mainly represented the deposit of \$721,365 (December 31, 2012: \$1,508,018) paid for construction work of the office building, mine design and related facilities of the Sawayaerdun Gold Project (the “Gold Project”).

9. AMOUNTS DUE FROM AN ASSOCIATE

As at September 30, 2013, the amount due from an associate was the advance to China Precision Material Limited (“China Precision”), in which the Group has an indirect equity interest of 48.02%. Such advance is unsecured, bears interest rate at 2% per annum and is due on demand.

As at December 31, 2012, the amount due from an associate included an advance of \$2,012,755 and dividend of \$61,802 receivable from China Precision. The advance is unsecured, bears interest at a rate of 2% per annum and is due on demand.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2013
(Express in United States Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2012	450,928	121,135	372,905	666	843,172	1,788,806
Exchange realignment	4,782	1,274	3,952	7	8,922	18,937
Reclassification from exploration and evaluation assets	105,661	-	-	-	-	105,661
Additions	208,256	-	5,244	-	622,827	836,327
Disposals	-	-	-	-	(377,281)	(377,281)
At December 31, 2012	769,627	122,409	382,101	673	1,097,640	2,372,450
Exchange realignment	1,641	(1,274)	615	2	(133)	851
Additions	6,597,521	-	5,611	-	-	6,603,132
Disposals	-	-	-	-	(102,156)	(102,156)
At September 30, 2013	7,368,789	121,135	388,327	675	995,351	8,874,277
Depreciation and impairment:						
At January 1, 2012	35,184	121,135	92,055	266	354,910	603,550
Exchange realignment	126	1,274	975	3	10,759	13,137
Provided for the year	37,373	-	53,177	123	215,310	305,983
Disposals	-	-	-	-	(202,483)	(202,483)
At December 31, 2012	72,683	122,409	146,207	392	378,496	720,187
Exchange realignment	115	(1,274)	93	1	(7,385)	(8,450)
Provided for the period	53,801	-	40,470	102	150,546	244,919
Disposals	-	-	-	-	(77,637)	(77,637)
At September 30, 2013	126,599	121,135	186,770	495	444,020	879,019
Net book value:						
At December 31, 2012	696,944	-	235,894	281	719,144	1,652,263
At September 30, 2013	7,242,190	-	201,557	180	551,331	7,995,258

At September 30, 2013, the net carrying amount of property, plant and equipment included motor vehicles of \$78,764 (December 31, 2012: \$106,123) in respect of assets held under finance leases. None of the leases includes contingent rentals. Leased assets are pledged as security for related finance lease.

The addition of leasehold land and buildings during the period comprised an office premises situated in Hong Kong and will be used by the Group upon the expiry of the current lease to a third party on March 31, 2014. The leasehold land and buildings are stated at cost less accumulated depreciation and accumulated impairment, if any. The said leasehold land and buildings are depreciated on a straight-line basis over 25 years and are under a remaining land lease term of 881 years.

The said leasehold land and buildings has been pledged as security of a mortgage loan facility of \$2,059,202 (HK\$16,000,000). The outstanding balance amounted to \$2,030,926 (HK\$15,780,295) as at September 30, 2013. For details of the bank loan, please refer to note 18 to the financial statements.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2013
(Express in United States Dollars)

11. INVESTMENT PROPERTIES

Cost:	\$
At January 1, 2012	2,765,646
Exchange realignment	29,326
At December 31, 2012	2,794,972
Exchange realignment	6,533
At September 30, 2013	2,801,505
Depreciation and impairment:	
At January 1, 2012	194,552
Exchange realignment	348
Depreciation for the year	132,750
At December 31, 2012	327,650
Exchange realignment	388
Depreciation for the period	99,795
At September 30, 2013	427,833
Net book value:	
At December 31, 2012	2,467,322
At September 30, 2013	2,373,672

Investment properties comprised commercial properties in China that are leased to third parties and related parties (note 24.2). Investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. The investment properties are depreciated on a straight-line basis over 20 years and are under a remaining land lease term of 38 years.

The investment properties have been pledged for a bank facilities of \$4,826,255 (RMB30,000,000), of which \$2,574,003 (RMB16,000,000) was utilized at the end of the reporting period. For details of the bank loan, please refer to note 18 to the financial statements.

The estimated fair value of the Group's investment properties as at September 30, 2013 was approximately \$8,108,460 (December 31, 2012: \$8,108,460). The estimated fair value was arrived at based on management assessment by reference to recent market prices for similar properties in the same locations and similar conditions.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
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12. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note (a)	Others Note (b)	Total
Cost:	\$	\$	\$
At January 1, 2012	1,086,126	10,632,776	11,718,902
Exchange realignment	11,517	112,758	124,275
Additions	7,108,826	11,102,259	18,211,085
Reclassification to property, plant and equipment	-	(105,661)	(105,661)
At December 31, 2012	8,206,469	21,742,132	29,948,601
Exchange realignment	19,183	50,821	70,004
Additions	51,393	2,405,267	2,456,660
At September 30, 2013	8,277,045	24,198,220	32,475,265

Note:

- (a) The mining rights represents the mining and exploration rights of the Gold Project which is located 200 km northwest of the city of Kashi, western Xinjiang, China. The mining licence was granted for an initial period of 8 years and the exploration licence was granted for an initial period of 1.5 years. As at September 30, 2013, the remaining valid period of the mining licence was approximately 5 years and exploration licence was less than 1 year.
- (b) Others represent the geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses for the Gold Project.

13. SHARE OF INTERESTS IN A JOINT VENTURE

As at	September 30, 2013	December 31, 2012
	\$	\$
Share of net assets	831,120	825,227

The summarized financial information in respect of the Group's joint venture is as follows:

As at	September 30, 2013	December 31, 2012
	\$	\$
Current assets	1,662,064	1,640,365
Non-current assets	176	19,626
Current liabilities	-	(9,537)
Non-current liabilities	-	-
Net assets	1,662,240	1,650,454

For the three months ended	September 30, 2013	September 30, 2012
	\$	\$
Income	-	165
Expenses	(4,413)	(2,242)
Profit/(loss) before income tax	(4,413)	(2,077)
Income tax	-	-
Profit/(loss) for the period	(4,413)	(2,077)
Group's share of results of a joint venture for the period	(2,206)	(1,038)
Dividend received from a joint venture for the period	-	-

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2013
(Express in United States Dollars)

For the nine months ended	September 30, 2013	September 30, 2012
	\$	\$
Income	14,892	15,840
Expenses	(4,972)	(9,399)
Profit/(loss) before income tax	9,920	6,441
Income tax	-	-
Profit/(loss) for the period	9,920	6,441
Group's share of results of a joint venture for the period	4,960	3,221
Dividend received from a joint venture for the period	-	(48,577)

Particulars of the joint venture as at September 30, 2013:

Company name	Place of incorporation	Total issued and paid-up capital	Attributable interest held by the Company	Principal activities
新疆兴亚矿业有限责任公司 Xinjiang Xinya Minerals Limited ¹	Xinjiang, China	RMB10,000,000	50%	Exploration of mineral resources

Note: (1) unofficial English name translated from Chinese registered name of the company.

As at September 30, 2013, the joint venture was in the process of voluntary liquidation and its net assets were \$1,662,240.

14. SHARE OF INTERESTS IN ASSOCIATES

As at	September 30, 2013	December 31, 2012
	\$	\$
Share of net assets	2,708,471	2,129,691

The summarized financial information in respect of the Group's associates is as follows:

As at	September 30, 2013	December 31, 2012
	\$	\$
Total assets	14,998,899	20,448,638
Total liabilities	(9,134,887)	(15,526,436)
Net assets	5,864,012	4,922,202

For the three months ended	September 30, 2013	September 30, 2012
	\$	\$
Revenue	48,786,079	23,038,526
Profit for the period	355,657	833,300
Group's share of results of associates for the period	169,692	400,915

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For the nine months ended	September 30, 2013	September 30, 2012
	\$	\$
Revenue	131,662,509	86,194,436
Profit for the period	940,060	1,220,133
Group's share of results of associates for the period	449,375	584,504
Dividend received from associates for the period	-	(337,089)

Particulars of associates as at September 30, 2013:

Company name	Place of incorporation	Total issued and paid-up capital	Attributable interest held by the Company	Principal activities
China Precision Material Limited	Hong Kong, China	HK\$10,000,000	48.02%	Trading of silver
CPM Silver Limited	Hong Kong, China	HK\$10,000	48.02%	Processing of silver
United Bridge Limited	Hong Kong, China	HK\$10,000	48.02%	Property holding
新疆同安矿业有限公司 Xinjiang Tongan Minerals Limited ⁽¹⁾	Xinjiang, China	RMB5,000,000	40.00%	Exploration of mineral resources
新疆天宏矿业有限责任公司 Xinjiang Tianhong Minerals Limited ⁽¹⁾	Xinjiang, China	RMB10,000,000	40.00%	Exploration of mineral resources
新疆同德矿业有限责任公司 Xinjiang Tongde Minerals Limited ⁽¹⁾	Xinjiang, China	RMB10,000,000	40.00%	Exploration of mineral resources
新疆同成矿业有限责任公司 Xinjiang Tongcheng Minerals Limited ⁽¹⁾	Xinjiang, China	RMB2,000,000	40.00%	Exploration of mineral resources

Note: (1) unofficial English name translated from Chinese registered name of the company.

In June 2013, the Group has invested in a 40% equity interest of Xinjiang Tongcheng Minerals Limited, a company newly incorporated in Xinjiang, China for potential exploration projects. The Group's total committed capital cost is \$643,501 (RMB4,000,000) and \$128,700 (RMB800,000) has been injected as capital contribution as at September 30, 2013 (note 25.1). Its remaining 60% equity interests are owned by two local partners.

As at September 30, 2013, Xinjiang Tianhong Minerals Limited was in the process of voluntary liquidation and its net assets were \$1,226,661.

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15. OTHER FINANCIAL ASSETS

<u>As at</u>	Note	<u>September 30, 2013</u>	<u>December 31, 2012</u>
		\$	\$
<u>Current portion of other financial assets</u>			
Convertible bonds	15.1	26,620,721	26,620,721
Listed debentures	15.2	30,045	-
Total		26,650,766	26,620,721
<u>Non-current portion of other financial assets</u>			
Listed debentures	15.2	1,005,145	1,035,190
Available-for-sale financial asset	15.3	3,333,333	3,333,333
Total		4,338,478	4,368,523

15.1 Convertible bonds

They represent convertible bonds with principal amount of \$28,314,028 (HK\$220,000,000) (December 31, 2012: \$28,314,028 (HK\$220,000,000)) issued by China Daye Non-Ferrous Metals Mining Limited (“China Daye”). These bonds are convertible into common shares of China Daye on or before the maturity date of December 31, 2013 at \$0.068 (HK\$0.528) per share and bear interest at the rate of 1% per annum for the period from July 22, 2010 to July 22, 2012 if the Group does not exercise the conversion right on or before the maturity date. The convertible bonds were stated at \$26,620,721 (December 31, 2012: \$26,620,721) based on the fair value as determined by an independent professional valuator as at December 31, 2012.

15.2 Listed debentures

They represent the listed debentures held by the Group with coupon rates ranged from 5.125% to 9.75% per annum and maturity ending between December 23, 2013 and perpetual.

15.3 Available-for-sale financial asset

It represents an 8% equity interest in Xinjiang Tongxing Minerals Limited (“Tongxing”), formerly an associate of the Group. It is measured at cost less any identified impairment loss.

16. DEPOSIT PAID TO RELATED PARTIES

- (a) A deposit of \$80,438 (December 31, 2012: \$79,408) was paid to a non-controlling shareholder of an associate for exploration services.
- (b) A deposit of \$507,234 (December 31, 2012: \$500,742) was paid to a non-controlling shareholder of a non-wholly owned subsidiary for exploration services.

The deposit paid to related parties will be reclassified as exploration and evaluation assets upon the completion of exploration services.

17. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at September 30, 2013, the balances of other payables, receipts in advance and accrued liabilities comprised mainly the payable for the mining licence fee, stamp duty and related payments of approximately \$20 million (December 31, 2012: approximately \$21 million) arising from the disposal of the Yanxi Copper Property.

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As at	September 30, 2013	December 31, 2012
	\$	\$
Other payables	22,306,729	23,451,713
Accrued liabilities	112,974	655,815
Receipts in advance	114,558	100,980
Deposit received	5,672,419	5,582,164
Obligation under finance leases – current	44,259	46,673
	28,250,939	29,837,345

At September 30, 2013, deposit received included an amount of \$5,415,730 (HK\$42,080,220) (December 31, 2012: \$5,415,730 (HK\$42,080,220)) received from China Daye as partial settlement of the consideration for the New Area.

At September 30, 2013, the Group had obligation under finance leases of \$44,259 (December 31, 2012: \$79,053). Future lease payments are due as follows:

As at September 30, 2013	Minimum lease payments	Interest	Present value
	\$	\$	\$
Within one year	45,328	1,069	44,259
In the second to fifth years inclusive	-	-	-
Total	45,328	1,069	44,259

As at December 31, 2012	Minimum lease payments	Interest	Present value
	\$	\$	\$
Within one year	49,449	2,776	46,673
In the second to fifth years inclusive	32,966	586	32,380
Total	82,415	3,362	79,053

As at	September 30, 2013	December 31, 2012
	\$	\$
Current liabilities	44,259	46,673
Non-current liabilities	-	32,380
Total present value of future lease payments	44,259	79,053

18. BANK LOANS

As at	Note	September 30, 2013	December 31, 2012
		\$	\$
Bank loan due for repayment within one year	18.1	3,378,378	-
Mortgage loan due for repayment within one year	18.2	115,314	-
Mortgage loan due for repayment after one year	18.2	1,915,612	-
Total bank loans, secured and interest bearing		5,409,304	-

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These bank loans were scheduled to repay as follows:

<u>As at</u>	<u>September 30, 2013</u>	<u>December 31, 2012</u>
	\$	\$
On demand or within one year	3,493,692	-
More than one year, but not exceeding five years	491,036	-
More than five years	1,424,576	-
	<u>5,409,304</u>	<u>-</u>

18.1 Bank loan due for repayment within one year

The bank loan of \$2,574,003 (RMB16,000,000) and \$804,376 (RMB5,000,000) is denominated in RMB and bears interest rate at 6.00% per annum and 7.28% per annum respectively. The RMB16,000,000 loan is secured by the investment properties as disclosed in note 11 to the financial statements and is due for repayment by May 6, 2014. The RMB5,000,000 loan is due for repayment by January 12, 2014.

18.2 Mortgage loan

The mortgage loan with principal of \$2,030,926 (HK\$15,780,295) is denominated in Hong Kong dollars and bears interest at Hong Kong Prime Rate minus 2.5% per annum. It is secured by (i) the leasehold land and buildings of the Group; (ii) a corporate guarantee given by an associate to the extent of HK\$16,000,000; and (iii) a personal guarantee given by a director to the extent of HK\$16,000,000 as disclosed in notes 10 and 24.2 to the financial statements. The mortgage loan is repayable by 180 monthly installments with the last installment on June 26, 2028.

19. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS

19.1 Common Shares

	<u>Number</u>	<u>Amount</u>
<u>Authorized:</u>		\$
Unlimited number of common shares		
<u>Issued and outstanding:</u>		
At January 1, 2012	62,596,296	27,461,311
Shares repurchased and cancelled	(3,129,814)	(1,342,237)
At December 31, 2012	59,466,482	26,119,074
Shares repurchased and cancelled	(1,220,500)	(533,224)
At September 30, 2013	<u>58,245,982</u>	<u>25,585,850</u>

19.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

19.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the nine months ended September 30, 2013, there was no movement in the general reserve.

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19.4 Translation Reserve

Translation reserve represents net unrealized exchange gain on translation of foreign operations.

19.5 Normal Course Issuer Bid

On January 16, 2013, GobiMin renewed its normal course issuer bid to repurchase up to an additional 2,973,324 common shares (2012: 3,129,814), representing approximately 5% of the then common shares outstanding. Purchases are made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2014. For the nine months ended September 30, 2013, a total of 1,220,500 common shares were repurchased for an aggregate cost of \$533,224 (CAD533,224). All shares repurchased are returned to treasury for cancellation.

19.6 Stock Options

On May 26, 2005, the Company adopted a resolution cancelling all of its outstanding stock option plans and creating a new stock option plan to grant options to its employees, directors and officers to purchase common shares. A total number of 6,700,000 (2012: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

a) **Status of the outstanding employee stock options:**

	<u>Nine months ended September 30, 2013</u>		<u>Nine months ended September 30, 2012</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of the period	2,832,000	\$ 0.69	3,159,000	0.87
Forfeited during the period	(1,094,000)	0.78	(223,800)	3.25
Outstanding at end of the period	1,738,000	0.63	2,935,200	0.68

b) **Summary of the employee stock options outstanding and exercisable:**

<u>Exercise Price</u>	<u>Exercise Price</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options Exercisable</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>
<u>CAD</u>	<u>\$</u>			<u>\$</u>			<u>\$</u>
<u>At September 30, 2013</u>							
0.79	0.76	283,000	1.75	0.76	226,400	1.75	0.76
0.60	0.60	1,300,000	1.25	0.60	780,000	1.25	0.60
0.60	0.60	155,000	3.25	0.60	62,000	3.25	0.60
		1,738,000	1.51	0.63	1,068,400	1.47	0.64

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Exercise Price	Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
At December 31, 2012							
1.10	1.06	94,000	0.67	1.06	94,000	0.67	1.06
0.79	0.76	1,000,000	0.50	0.76	1,000,000	0.50	0.76
0.79	0.76	283,000	2.50	0.76	169,800	2.50	0.76
0.60	0.60	1,300,000	2.00	0.60	780,000	2.00	0.60
0.60	0.60	155,000	4.00	0.60	62,000	4.00	0.60
2,832,000			1.59	0.69	2,105,800	1.33	0.71

- (i) The weighted average remaining contractual life for the options exercisable as at September 30, 2013 was 1.47 years.
- (ii) The weighted average remaining contractual life for the options outstanding as at September 30, 2013 was 1.51 years.
- (iii) The range of exercise price for options outstanding as at September 30, 2013 was \$0.60 to \$0.76.

c) Share-Based Payments

There were no options granted during the period. The Company determines fair value of the employee stock options using the Black-Scholes option pricing model. In determining the fair value of these employee stock options, the following assumptions were used:

Grant date	November 23, 2011	November 23, 2011	July 7, 2010	July 7, 2010	August 25, 2008
Exercise Price (CAD)	0.6000	0.6000	0.7900	0.7900	1.1000
Expected life (year)	3	5	3	5	5
Expected volatility	53%	53%	48%	48%	90%
Dividend yield	-	-	-	-	-
Discount rate	0.40%	0.88%	1.01%	1.79%	3.22%
Forfeiture rate	0%	0%	0%	0%	0%

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

19.7 Basic and Diluted Earnings/(Losses) Per Share

	For the three months ended	
	September 30, 2013	September 30, 2012
Net earnings/(losses) attributable to shareholders		
Basic and diluted	(\$1,087,701)	\$5,074,408
Weighted average number of shares outstanding		
Basic	59,022,286	60,634,579
Diluted	59,022,286	60,634,579
Basic and diluted earnings/(losses) per share	(\$0.018)	\$0.084

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	For the nine months ended	
	September 30, 2013	September 30, 2012
Net earnings/(losses) attributable to shareholders		
Basic and diluted	(\$2,535,269)	\$4,059,930
Weighted average number of shares outstanding		
Basic	59,099,669	61,553,876
Effect of dilutive stock options and warrants	-	10,448
Diluted	59,099,669	61,564,324
Basic and diluted earnings/(losses) per share	(\$0.043)	\$0.066

The stock options outstanding during the period had an anti-dilutive effect on the basic earnings per share and as such, the conversion of the above potential dilutive shares is not assumed in the computation of diluted earnings per share.

20. NON-CONTROLLING INTERESTS

Non-controlling interests represent the 30% (2012: 30%) equity interest in Tongyuan not held by the Group.

21. OTHER REVENUE

	For the three months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Interest income	202,973	146,203
Rental income	97,281	48,535
Total other revenue	300,254	194,738

	For the nine months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Interest income	457,897	716,627
Rental income	209,300	151,720
Gain on disposal of property, plant and equipment	-	275,033
Total other revenue	667,197	1,143,380

22. NATURE OF EXPENSES

The Condensed Interim Statements of Comprehensive Income include the following general and administrative expenses by nature:

22.1 Employee costs (including remuneration of key management and directors as stated in note 24.1):

	For the three months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Wages and other benefits	484,901	1,041,809
Payment to defined contribution plans	31,393	24,625
Share-based payment	2,294	92,951
Total employee costs	518,588	1,159,385

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	For the nine months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Wages and other benefits	1,319,876	1,888,473
Payment to defined contribution plans	83,199	77,287
Share-based payment	52,989	301,610
Total employee costs	1,456,064	2,267,370

22.2 Depreciation:

	For the three months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Provided for the period	126,141	111,539

	For the nine months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Provided for the period	344,713	322,200

23. FINANCE COSTS

	For the three months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Finance charge under finance leases	624	1,023
Loan interest	57,571	-
Bank charges	2,061	1,174
Total finance costs	60,256	2,197

	For the nine months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Finance charge under finance leases	2,292	4,206
Loan interest	67,613	-
Bank charges	5,519	3,953
Total finance costs	75,424	8,159

24. RELATED PARTY TRANSACTIONS

24.1 Key management compensation

The remuneration of key management and directors was as follows:

	For the three months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Wages, fees and other benefits	155,466	471,275
Payment to defined contribution plans	3,344	3,336
Share-based payment	1,018	38,118
	159,828	512,729

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	For the nine months ended	
	September 30, 2013	September 30, 2012
	\$	\$
Wages, fees and other benefits	443,231	734,071
Payment to defined contribution plans	9,691	9,395
Share-based payment	46,271	204,137
	499,193	947,603

24.2 Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

Relationship	Type of transactions	For the three months ended	
		September 30, 2013	September 30, 2012
		\$	\$
Company controlled by a director	Rental income	6,435	6,353
An associate	Loan interest income	45,938	34,029

Relationship	Type of transactions	For the nine months ended	
		September 30, 2013	September 30, 2012
		\$	\$
Company controlled by a director	Rental income	19,305	19,058
Company controlled by a director	Gain on disposal of a motor vehicle	75,194	-
An associate	Loan interest income	114,224	156,761
Associates	Dividend income	-	385,667

As at September 30, 2013, the Group has a mortgage loan facility as disclosed in note 18.2 to the financial statements, which was secured by a guarantee given by an associate and a guarantee given by a director both to the extent of HK\$16,000,000.

The Group provided a second legal charge over its leasehold land and buildings to secure a banking facility of \$1,700,000 (December 31, 2012: Nil) granted to an associate. As at September 30, 2013, the full amount of \$1,700,000 was being utilized.

24.3 Advances to related parties

Advances made by the Group to related parties were disclosed as amounts due from an associate and deposit paid to related parties in notes 9 and 16 to the financial statements respectively.

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

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25. COMMITMENTS

25.1 Capital commitments

<u>At September 30, 2013</u>	<u>Contract Date</u>	<u>Contracted Sum</u>	<u>Capital Commitments</u>
		\$	\$
Exploration services relating to the Gold Project	April 7, 2010	740,026	232,791
Mine design and related facilities of the Gold Project	October 31, 2011	1,287,000	637,850
Office building of the Gold Project	April 18, 2012	4,459,592	825,751
Drilling and exploration services relating to the Gold Project	June 25, 2012	10,363,948	3,844,988
Office building decoration of the Gold Project	March 2, 2013	2,340,530	2,340,530
Total capital commitments for the Gold Project		19,191,096	7,881,910

Other than the above capital commitments, the Group has contracted commitment for capital contributions payable to an associate of \$514,800 (RMB3,200,000) (note 14).

25.2 Operating lease commitments

(a) The Group as lessor

The Group has entered into commercial property leases on its investment properties, with leases negotiated for terms ranging from one to five years.

At the end of reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

<u>As at</u>	<u>September 30, 2013</u>	<u>December 31, 2012</u>
	\$	\$
Within one year	254,017	93,903
In the second to fifth years inclusive	192,058	322,703
Total future minimum lease receivables	446,075	416,606

(b) The Group as lessee

The Group has entered into commercial property leases on certain office premises, with leases negotiated for terms of three to nine years.

At the end of reporting period, the Group had total future minimum lease payables under non-cancellable operating leases with its landlords falling due as follows:

<u>As at</u>	<u>September 30, 2013</u>	<u>December 31, 2012</u>
	\$	\$
Within one year	144,786	254,186
In the second to fifth years inclusive	57,104	72,003
After five years	4,633	11,435
Total future minimum lease payables	206,523	337,624

26. DIVIDEND PAID

In May 2013, GobiMin paid an annual dividend of CAD0.01 per share for a total amount of \$592,165 (2012: \$607,520) in accordance with the Company's dividend policy and 2012 annual performance.

27. SEGMENTED INFORMATION

The Group conducted its business as a single operating segment, being the development, exploration and exploitation of mineral properties. It has engaged in the development of the Gold Project and other exploration projects. All mineral property interests and capital assets are located in China.

28. FINANCIAL INSTRUMENTS

All financial instruments are classified into a defined category, namely, held-to-maturity investments, held-for-trading financial assets, loans and receivables, available-for-sale financial assets, and other financial liabilities.

28.1 Fair value of financial instruments

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments classified as current approximates their fair value because of the short maturities and normal trade terms of these instruments. The fair value of other financial instruments disclosed in the financial statements are based on the Company's best estimates using present value, quoted market prices and other valuation techniques that are significantly affected by the assumptions used concerning the amounts and timing of estimated cash flows and discount rates which reflect varying degrees of risk.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- ◆ Quoted prices for similar assets/liabilities in active markets;
- ◆ Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- ◆ Inputs other than quoted prices that are observable for the asset/liability (e.g interest rates, yield curves, volatilities, default rates, etc.); and
- ◆ Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

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	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>September 30, 2013</u>				
Convertible bonds	-	-	26,620,721	26,620,721
Listed debentures	1,035,190	-	-	1,035,190
Available-for-sale financial asset	-	3,333,333	-	3,333,333
	1,035,190	3,333,333	26,620,721	30,989,244
<u>December 31, 2012</u>				
Convertible bonds	-	-	26,620,721	26,620,721
Listed debentures	1,035,190	-	-	1,035,190
Available-for-sale financial asset	-	3,333,333	-	3,333,333
	1,035,190	3,333,333	26,620,721	30,989,244

28.2 Risks arising from financial instruments and risk management

The Group is exposed to various types of market risks, including changes in foreign exchange rates, and interest rates in the normal course of business. The Group's overall risk management program focuses on mitigating these risks on a cost-effective basis. The Group's policy is to use derivatives only for managing existing financial exposures but not for trading or speculative purpose.

28.3 Exchange Rate Risk

The Group generates revenues and incurs expenditures primarily in Canada, Hong Kong and China and is exposed to risk from changes in foreign currency rates. In addition, the Group holds financial assets and liabilities in foreign currencies that expose the Group to foreign exchange risks. A significant change in the currency exchange rates between the United States dollars relative to the Hong Kong dollars, RMB or Canadian dollars could have an effect on the Group's financial position and cash flows. The Group has not hedged its exposure to currency fluctuations.

Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Group's capital account located in PRC, are subject to foreign exchange controls and require the approval of the China State Administration of Foreign Exchange. Developments relating to the Chinese's economy and actions taken by the China government could cause future foreign exchange rates to vary significantly from current or historical rates. The Group cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into United States dollars of the Group's net assets, net profits and any declared dividends. The Group cannot give any assurance that any future movements in the exchange rates of RMB against the United States dollars and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows.

As at September 30, 2013, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the Canadian dollar would have increased (decreased) net loss and other comprehensive loss both by \$4,000. No sensitivity analysis is carried out in respect of balances denominated in Hong Kong dollars as the exchange rate between United States dollars and Hong Kong dollars is pegged.

28.4 Credit Risk

The Group is exposed to credit risk with respect to cash equivalents, other receivables, amounts due from investee companies, amounts due from related parties and other financial assets. The maximum exposure is equal to the carrying amount of these assets included on the consolidated statements of financial position. There is a concentration of credit risk arising from the convertible bonds issued by China Daye stated at \$26,620,721 as at September 30, 2013. Management believes that the risk of credit loss on the convertible bonds is minimal as the issuer of the convertible bonds is a Hong Kong listed company. The cash equivalents are call deposits at banks or time deposit of terms less than 90 days. None of the cash equivalents are in asset backed commercial paper products. The Group has deposited the cash equivalents in banks that meet minimum requirements for quality and liquidity as stipulated by the Board of Directors. Management believes the risk of loss to be remote.

28.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at September 30, 2013, the Group held cash and cash equivalents of \$33,830,149 and net current assets of \$34,339,365. The Group considered that its cash and cash equivalents is more than sufficient in meeting its obligations associated with financial liabilities and fulfilling its capital commitments.

28.6 Interest Risk

As the Group has no significant variable interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

29. CAPITAL MANAGEMENT

The Group's objectives of capital management are intended to safeguard the entity's ability to support the Group's normal operating requirement on an ongoing basis, continue the development, exploration and exploitation of its mineral properties, and support any expansionary plans. The capital of the Group amounted to \$83,733,689 consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

30. EVENTS AFTER THE REPORTING DATE

- (a) For the period from October 1, 2013 to 21 November, 2013, a total of 40,500 common shares were repurchased at an aggregate cost of \$15,984 (CAD15,984). All shares repurchased will be returned to treasury for cancellation.
- (b) In November 2013, the equity interest of Tongxing owned by the Group was diluted from 8% to 3.5% due to the capital injection by one of its shareholders.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

September 30, 2013

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Management's Discussion and Analysis of Financial Results
For the quarter ended September 30, 2013
(Expressed in United States Dollars)
November 21, 2013

The following discussion and analysis of the condensed operating results and financial condition of GobiMin Inc. for the quarter ended September 30, 2013 should be read in conjunction with its condensed interim financial statements for the quarter ended September 30, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS") and its audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS.

Certain statements included in this discussion constitute forward-looking statements. Such forward-looking statements can often, but not always, be identified by the use of words such as "can", "could", "believe", "propose", "anticipate", "intend", "consider", "estimate", "expect", or other variations of such expressions, or forward-looking statements may declare that certain measures, events or results "can", "could" or "will" be taken or occur or be attained. Such forward-looking statements involve known and unknown risks and uncertainties as well as other factors that could cause actual results, performances or achievements of the Company to differ materially from the future results, performances or achievements implied or suggested in such forward-looking statements. Such risks, uncertainties and other factors include but are not limited to the risk factors discussed under the heading "Risk Factors" below. Accordingly, shareholders are cautioned not to put undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this discussion and the Company disclaims any obligations to update any forward-looking statements in order to account for any events or circumstances that might occur after the date that such forward-looking statements were established.

1. Corporate Overview

GobiMin Inc. (the "Company" or "GobiMin"), together with its subsidiaries (collectively referred to herein as the "Group"), is engaged in the development and exploration of mineral properties, mainly in the Xinjiang Uygur Autonomous Region ("Xinjiang") of the People's Republic of China ("China").

GobiMin holds an equity interest of 70% in a company incorporated in China to explore, develop and operate the Sawayaerdun Gold Project (the "Gold Project") located in Xinjiang.

GobiMin also holds an equity interest of 48.02% in China Precision Material Limited ("China Precision"), a company incorporated in Hong Kong, which is principally engaged in metal trading, predominately silver and operates a small processing workshop.

In addition, GobiMin owns 40% to 50% equity interests in five companies incorporated in China to engage in base metals and precious metal exploration, including nickel, copper, and gold, in Xinjiang, and an 8% equity interest in a company incorporated in China to engage in exploration and operation of the Yanxi Copper Property (the "Yanxi Copper Property").

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2. Financial Highlights

	3 months ended September 30		12 months ended
	2013	2012	December 31, 2012
	\$	\$	\$
Revenue	-	-	-
Other revenue	0.3 million	0.2 million	1.1 million
Share of results of associates and a joint venture	0.2 million	0.4 million	0.4 million
Profit/(Loss) for the period	(1.3 million)	4.7 million	2.9 million
EBITDA/(LBITDA) ⁽¹⁾	(1.4 million)	(1.3 million)	5.8 million
Basic and diluted earnings/(losses) per share	(0.018)	0.084	0.06
EBITDA/(LBITDA) per share ⁽¹⁾	(0.023)	(0.021)	0.10
Cash and cash equivalents	33.8 million	50.3 million	46.6 million
Cash and cash equivalents per share ⁽¹⁾	0.58	0.84	0.78
Working capital	34.3 million	29.6 million	45.9 million
Total non-current financial liabilities	1.9 million	44,000	32,000
Total liabilities	37.1 million	24.2 million	33.3 million
Total assets	120.8 million	112.2 million	121.1 million

Note:

(1) As non-IFRS measurements, **EBITDA/(LBITDA)** (earnings/(losses) before interest income and expense, income taxes, depreciation and amortisation), **EBITDA/(LBITDA) per share** and **Cash and cash equivalents per share** do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

3. Business Summary and Development

3.1. Gold Project in Xinjiang

The Group owns a 70% equity interest in Xinjiang Tongyuan Minerals Ltd. ("Tongyuan") which is developing and operating the Gold Project.

(a) NI 43-101 Resource Estimate

The NI 43-101 compliant resource estimate update prepared by Mr. Neil Gow and Mr. Reno Pressacco of RPA Inc., the Qualified Persons as defined in NI 43-101, was published in May 2013. At a cut-off grade of 1.0 grams/tonne gold, its Zone IV and Zone I are estimated to contain a total of about 20 million tonnes at an average grade of 1.90 grams/tonne Au (about 1.24 million contained oz Au) in the Measured and Indicated Resources category and an additional amount of about 33 million tonnes averaging 1.47 grams/tonne Au (about 1.6 million contained oz Au) in the Inferred Resources category. The full report can be viewed at www.sedar.com and the Company's website at www.gobimin.com.

(b) Update

In addition to the ongoing Zone IV, the 2013 drilling program also covers Zone I, Zone II and Zone XI. However, Zone I and Zone IV remained the main exploration focus of the drilling programs. During the three months under review, drilling of approximately 4,220 meters has been completed with a cumulative total of approximately 8,500 meters since the beginning of 2013. Among the completed 10 drill holes of approximately 6,200 meters, six drill holes were from Zone IV, two drill holes were from Zone I and the remaining two drill holes were from Zone XI. Other exploration work done during this quarter include core logging and sampling of the relevant Zones. GobiMin will continue to pursue the major design and construction including tailing ponds, camp facilities and access roads and applications for the related licences.

In September 2013, GobiMin engaged a qualified person as defined in NI 43-101, RungePincocKMinarco, to visit the Gold Project in October 2013 and to update the resource estimate of the Gold Project. The NI 43-101 compliant resource estimate update is expected to be available in early 2014.

In October 2013, the Group has submitted the extension application of the exploration licence of the Gold Project which was expired in November 2013. The extension application process will not affect the on-going exploration programs.

GobiMin estimates that the Gold Project has now achieved a sufficiently advanced stage of exploration to warrant negotiations with potential investors for co-operation or disposal of certain equity interests. Early-stage negotiations also involve additional financing in order to accelerate the construction phase of the Gold Project.

(c) Commitments

As at September 30, 2013, Tongyuan has a total commitment of approximately \$7.9 million (RMB49 million) for the further development of the Gold Project, including drilling and exploration services, construction of an office building and design of mine and related facilities.

3.2. Silver Operation

The Group holds an equity interest of 48.02% in China Precision which engages in metal trading and processing, predominantly in silver. In order to cope with the rising demand of the processed silver products, China Precision has moved its processing workshop to a location with doubled size as compared with the original workshop in July 2013.

(a) Update

The Group has made advances to China Precision from time to time to finance its silver inventory. As at September 30, 2013, amounts due from China Precision to the Group amounted to \$5.4 million while China Precision had a silver inventory of 9.8 tonnes with a market value of \$6.8 million. The Group recorded interest income of \$114,224 and \$45,938 on these advances for the nine and three months ended September 30, 2013. China Precision had a net profit of about \$0.9 million and \$0.3 million for the nine and three months ended September 30, 2013, with GobiMin's share amounting to \$0.4 million and \$0.2 million respectively.

3.3. Base Metal Exploration Projects in Xinjiang

(a) Five Exploration Companies

During the second quarter, the Group has invested in a 40% equity interest of a company newly incorporated in Xinjiang, China for potential exploration projects. The Group's total committed capital cost is \$0.6 million (RMB4 million) and \$0.1 million (RMB0.8 million) has been injected as capital contributions as at September 30, 2013. The remaining 60% equity interest is owned by two local partners. The company is treated as an associate of the Group.

Other than this new exploration company, the Group owns 40% to 50% equity interests in four exploration companies in Xinjiang, China for nickel, copper, and gold, of which three are treated as associates of the Group and one as a joint venture. The net cost of the investment in these four exploration companies amounts to \$2.1 million (RMB13,365,779). The carrying value of these companies as at September 30, 2013 was \$2.0 million (RMB12,420,681). GobiMin is restructuring these exploration companies. Two exploration companies, an associate and a joint venture, are in the process of liquidation. The exploration projects, if any, held by these two exploration companies will be transferred to other operating exploration companies.

(b) Yanxi Copper Property

In November 2013, the equity interest of the licence holding company of the Yanxi Copper Property, Xinjiang Tongxing Minerals Limited, owned by the Group was diluted from 8% to 3.5% due to the capital injection by one of its shareholders.

As at September 30, 2013, the consideration pursuant to the share transfer agreement dated July 14, 2010 and various supplemental agreements entered into with China Daye Non-Ferrous Metals Mining Limited ("China Daye") in respect of an area adjacent to the Yanxi Copper Property (the "New Area") was settled except for \$5.4 million (HK\$42,080,220). Such amount was withheld by China Daye to settle the fee relating to the application for the mining licence of the New Area (the "New Mining Licence"). The balance, if any, will be payable by China Daye upon obtaining the New Mining Licence. GobiMin is entitled to 40% of the balance payment.

The Group is responsible for applying for the New Mining Licence on or before June 30, 2014. The application for the New Mining Licence is in process and GobiMin is liaising with the relevant government departments to facilitate the application.

3.4. Full Revocation of Cease Trade Order

Cease trade orders had been imposed on the Company by the Alberta Securities Commission ("ASC") and the British Columbia Securities Commission ("BCSC") on May 1, 2013 due to the delay in the filing of audited consolidated financial statements, management's discussion and analysis and certificates of annual filings after April 30, 2013. Upon publication of the 2012 Results and the related filings with SEDAR on May 16, 2013, a full revocation of the cease trade orders was granted to the Company by the ASC and the BCSC in mid July 2013 and the trading of the Company's shares was reinstated by the TSX Venture Exchange on July 30, 2013.

3.5. Normal Course Issuer Bid

On January 16, 2013, GobiMin announced the renewal of its normal course issuer bid to repurchase an additional 2,973,324 common shares, representing approximately 5% of the then common shares outstanding. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2014. For the three months ended September 30, 2013, a total of 970,500 common shares were repurchased at an aggregate cost of \$396,413 (CAD396,413). For the nine months ended September 30, 2013, a total of 1,220,500 common shares were repurchased at an aggregate cost of \$533,224 (CAD533,224). For the period from October 1, 2013 to November 21, 2013, a total of 40,500 common shares were repurchased at an aggregate cost of \$15,984 (CAD15,984). All shares repurchased will be returned to treasury for cancellation.

Management believes that the repurchase by the Company of its own shares can maximize shareholder value and is in the best interest of the Company and its shareholders. A copy of the related Notice of Intention to Make a Normal Course Issuer Bid for 2013 will be provided to shareholders upon receipt of written request to the Company at its registered office.

3.6. Liquidity and Capital Resources

As at September 30, 2013, the Group had a working capital of about \$34.3 million (December 31, 2012: \$45.9 million), by netting off its current assets of \$69.5 million (December 31, 2012: \$79.1 million) with current liabilities of \$35.2 million (December 31, 2012: \$33.2 million).

Among the cash and cash equivalents of \$33.8 million, about \$2.5 million are held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the proper documentation under current regulations, subject to the risks outlined hereinafter under the section "Risk Factors". The Group will carefully plan ahead to match the available funding with various payment obligations in China and elsewhere.

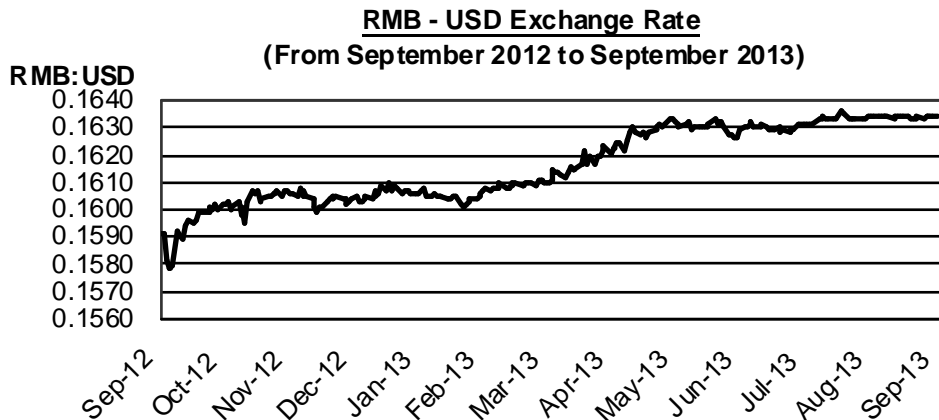
The Group has no difficulties in meeting obligations associated with its financial liabilities and commitment. The Group has determined that its cash and cash equivalents will be more than sufficient to finance its operation, including the current commitments of the Gold Project of approximately \$7.9 million and the commitment for the capital contributions to the exploration company newly incorporated in Xinjiang of \$0.5 million (RMB3.2 million).

4. Key Economic Trends

4.1. China Economy

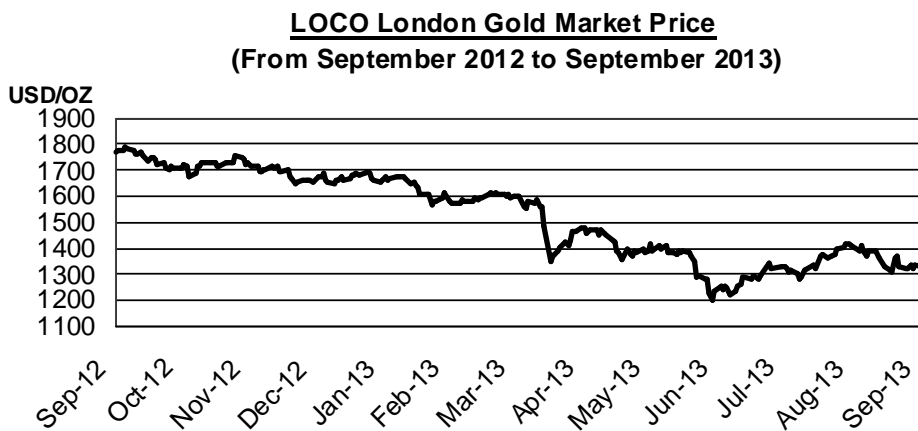
Since GobiMin's activities are mostly conducted in China, the condition of the Chinese economy is a key factor on the Group's exploration business. Currency fluctuations may also have an impact on the Group's cost structure as the Group reports in U.S. dollars. For the quarter ended September 30, 2013 (last trading date of September 2013), the Chinese Renminbi ("RMB") appreciated by 2.70% against the U.S. dollar comparing with the exchange rate on September 28, 2012 (last trading date of September 2012).

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4.2. Gold Market

The price of gold has a strong influence on the Gold Project's value. As at September 30, 2013 (last trading date of September 2013), the gold price has decreased by around 25% against the price on September 28, 2012 (last trading date of September 2012).



5. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. Changes to these estimates could materially impact the financial statements. The estimates made by the Group that are considered to be most critical are described below.

5.1. Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the year the new information becomes available. The Company

has determined that there is no indicator of impairment for the expenditure capitalized as at the reporting date.

5.2. Income taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities and contingencies for anticipated tax audit issues based on the Group's current understanding of the applicable tax law. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties (if any) in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may be materially different from the amount included in the tax liabilities.

5.3. Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

5.4. Functional currency

The determination the functional currency for the Company's subsidiaries, joint venture and associates is a significant judgement. The determination of functional currency requires the Company to assess the primary economic environment in which each of these entities operations and affects how the Company translates foreign currency balances and transactions.

5.5. Impairment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and are subject to judgment. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

5.6. Development stage of a mine

When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant, and equipment. The determination of when technical feasibility and commercial viability is achieved is subject to significant judgment.

5.7. Production stage of a mine

The determination of the date on which a mine enters production stage is a significant judgment since capitalization of certain costs ceases upon entering production. As mine is constructed, costs incurred are capitalized and proceeds from mineral sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management which requires significant judgment in its determination.

5.8. Estimate of rehabilitation provision

Management assesses its provision for rehabilitation at the end of each reporting period. This includes the assessment of any changes to government regulations, estimation of future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. The actual future expenditure may differ from the amounts currently provided if the estimates made are significantly different from the actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

6. Future Changes in Significant Accounting Policies

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective.

6.1. IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 was issued in October 2010. This standard is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for recognising, derecognising, classifying and measuring assets and liabilities, which may affect the Group's accounting for its financial assets. IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The Group is currently evaluating the impact of adoption of this new standard on its consolidated financial statements.

6.2. Amendments to IAS 32 – Offsetting Financial Assets and Liabilities

This standard clarifies that a legally enforceable right to set-off exists if the right is not contingent on a future event, and is enforceable both in the normal course of business and in default, insolvency or bankruptcy of all parties to the liability. We are not able at this time to reasonably estimate the impact of the IAS 32 amendments.

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7. Selected Quarterly Information

As at / For the three months ended	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss for the period	(1,342,659)	(826,441)	(765,700)	(639,989)
Basic and diluted losses per share	(0.018)	(0.012)	(0.012)	(0.010)
Cash and cash equivalents	33,830,149	32,567,452	38,922,210	46,608,027
Total assets	120,803,054	120,823,499	117,418,355	121,082,985

As at / For the three months ended	September 30, 2012	June 30, 2012	March 31, 2012	(Restated) December 31, 2011
	\$	\$	\$	\$
Revenue	-	-	-	-
Profit/(Loss) for the period	4,704,839	(908,932)	(278,435)	(3,818,653)
Basic and diluted earnings/(losses) per share	0.084	(0.013)	(0.003)	(0.060)
Cash and cash equivalents	50,255,823	58,792,230	51,631,409	62,305,634
Total assets	112,206,072	116,829,716	119,061,793	109,995,167

The above financial information was prepared in accordance with IFRS.

For the three months ended September 30, 2013, the Group reported a net loss of \$1.3 million (Q3 2012: profits of \$4.7 million) which mainly comprised the general and administrative expenses of \$1.7 million (Q3 2012: \$1.8 million) netting off other revenue and share of results of associates and a joint venture of \$0.4 million (Q3 2012: \$0.6 million). There was no gain on disposal of an associate in this quarter (Q3 2012: \$6.0 million).

In this quarter, the Group recorded net cash inflow of \$1.2 million (Q3 2012: cash outflow of \$8.5 million). It was mainly the combined effect of a drawdown of the \$0.8 million bank loans and a \$2.2 million repayment from China Precision, net of the payments for the Gold Project of \$0.2 million and office expenses incurred of \$1.5 million.

The total assets decreased by \$0.3 million from \$121.1 million as at December 31, 2012 to \$120.8 million in this quarter. It was mainly due to the payment of \$4.1 million to settle the amounts payable for the Gold Project and the office expenses incurred of \$1.6 million, net of the cash received from the drawdown of bank loans of \$5.4 million.

8. Results of Operations

8.1. Revenue

No revenue (3 months and 9 months Q3 2012: \$Nil) from operations has been recorded in this quarter.

Other revenue in the third quarter of 2013 was \$0.3 million (3 months Q3 2012: \$0.2 million) including interest income of \$0.2 million (3 months Q3 2012: \$0.1 million) and rental income from the office building in Xinjiang of \$0.1 million (3 months Q3 2012: \$48,535).

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Other revenue and gains for the nine months ended September 30, 2013 were \$0.6 million (9 months Q3 2012: \$1.1 million) including interest income of \$0.4 million (9 months Q3 2012: \$0.7 million), and rental income from the office building in Xinjiang of \$0.2 million (9 months Q3 2012: \$0.2 million).

8.2. General and Administrative Expenses

General and administrative expenses were \$1.8 million in this quarter (3 months Q3 2012: \$1.8 million) and \$4.0 million for the nine months ended September 30, 2013 (9 months Q3 2012: \$4.2 million). They mainly represent pre-operating expenses incurred for the Gold Project, office rental, staff costs and professional fees.

The amortised portion of the total share-based compensation in this quarter and for the nine months ended September 30, 2013 amounted to \$2,294 (3 months Q3 2012: \$92,951) and \$52,989 (9 months Q3 2012: \$0.3 million) respectively.

8.3. Earnings/(Losses) Per Share

The basic and diluted losses per share were \$0.018 for this quarter (3 months Q3 2012: earnings of \$0.084) and \$0.043 for the nine months ended September 30, 2012 (9 months Q3 2012: earnings of \$0.066).

8.4. LBITDA

The losses before interest income and expense, income taxes, depreciation and amortisation ("LBITDA"), a non-IFRS performance measure, for the quarter were \$1.4 million as compared to \$1.3 million in 2012 Q3. The following table presents the calculation of LBITDA for the period:

For the three months ended	September 30, 2013	September 30, 2012
	\$	\$
Earnings/(Losses) for the period	(1,342,659)	4,704,839
Interest income	(202,973)	(146,203)
Interest expense	58,196	1,174
Depreciation	126,141	111,539
Gain on disposal of subsidiaries	(386)	-
Gain on disposal of equity investment	-	(5,960,192)
LBITDA ⁽¹⁾	(1,361,681)	(1,288,843)
LBITDA per share ⁽²⁾	(0.023)	(0.021)

Note:

(1) As non-IFRS measurements, **LBITDA** and **LBITDA per share** do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(2) Based on weighted average number of shares outstanding, a non-IFRS measure.

8.5. Annual Dividend

On May 16, 2013, the Company declared an annual dividend of \$0.01 (CAD0.01) per share in accordance with its dividend policy and the 2012 annual performance. The dividend was paid on June 24, 2013 to shareholders of record on May 29, 2013.

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9. Cash Flows

The following table summarises the Group's cash flows and cash on hand:

As at	September 30, 2013	December 31, 2012
	\$	\$
Cash and cash equivalents	33,830,149	46,608,027
Working capital ⁽¹⁾	34,339,365	45,864,741
<hr/>		
For the three months ended	September 30, 2013	September 30, 2012
	\$	\$
Net cash flow from/(used in) operating activities	2,379,514	(604,728)
Net cash flow from/(used in) financing activities	309,754	(707,338)
Net cash flow used in investing activities	(1,426,571)	(7,138,805)
Increase/(Decrease) in cash and cash equivalents	1,262,697	(8,450,871)
<hr/>		
For the nine months ended	September 30, 2013	September 30, 2012
	\$	\$
Net cash flow used in operating activities	(8,673,845)	(3,237,955)
Net cash flow from/(used in) financing activities	4,179,216	(2,349,789)
Net cash flow used in investing activities	(8,568,694)	(6,376,531)
Decrease in cash and cash equivalents	(13,063,323)	(11,964,275)

Note:

(1) Working capital is a non-IFRS measurement, which is the difference between current assets and current liabilities.

9.1. Operating Activities

For the three months ended September 30, 2013

In this quarter, net cash inflow from operating activities was \$2.4 million (3 months Q3 2012: cash outflow of \$0.6 million) which mainly represents a \$2.2 million repayment from China Precision (3 months Q3 2012: \$3.2 million). The change in the net cash flow was mainly due to the settlement of other payables for the Gold Project of \$2.2 million in Q3 2012 while there was no such cash outflow in Q3 2013.

For the nine months ended September 30, 2013

For the nine months ended September 30, 2013, net cash outflow from operating activities was \$8.7 million (9 months Q3 2012: cash outflow of \$3.2 million) which mainly represents a \$3.4 million advance to China Precision (9 months Q3 2012: \$4.4 million repayment from China Precision); cash outflow from net settlement of deposits, other receivables and other payables mainly for the Gold Project of 1.8 million (9 months Q3 2012: \$4.1 million); office expenses incurred and the settlement of other payable of \$3.4 million (9 months Q3 2012: \$3.4 million).

9.2. Financing Activities

For the three months ended September 30, 2013

The cash inflow from financing activities was \$0.3 million in this quarter (3 months Q3 2012: cash outflow of \$0.7 million). The cash inflow for this quarter mainly comprises the cash received from drawdown of bank loans of \$0.8 million (3 months Q3 2012: Nil) netting off the payment for shares repurchases of \$0.4 million (3 months Q3 2012: \$0.7 million).

For the nine months ended September 30, 2013

The net cash inflow from financing activities was \$4.2 million for the nine months ended September 30, 2013 (9 months Q3 2012: cash outflow of \$2.3 million) which mainly represents the new bank loans raised of \$5.4 million (9 months Q3 2012: Nil) netting off the payment of dividend of \$0.6 million and payment for shares repurchase of \$0.5 million. The increase of \$6.5 million cash inflow was mainly due to the cash received from drawdowns of bank loans of \$5.4 million and the decrease in shares repurchased from \$1.7 million for the nine months ended September 30, 2012 to \$0.5 million for the nine month ended September 30, 2013.

9.3. Investing Activities

For the three months ended September 30, 2013

The cash used in investing activities was \$1.4 million in this quarter (3 months Q3 2012: \$7.1 million). The cash outflow in this quarter mainly represents the \$1.6 million (3 months Q3 2012: \$6.9 million) payment for exploration and evaluation assets and mining licence fee of the Gold Project.

For the nine months ended September 30, 2013

For the nine months ended September 30, 2013, net cash outflow from investing activities was \$8.6 million (9 months Q3 2012: \$6.4 million) which mainly represents the additions of property, plant and equipment of \$6.6 million (9 months Q3 2012: \$0.8 million) and additions of exploration and evaluation assets of \$2.5 million (9 months Q3 2012: \$6.0 million), netting off with the interest received of \$0.4 million (9 months Q3 2012: \$0.7 million). Comparing Q3 2013 and Q3 2012, there was a increase of \$2.2 million in the net cash outflow. It was mainly due to the payment for an office premises situated in Hong Kong of \$6.6 million in 2013, netting off the decrease in additions of exploration and evaluation assets of \$3.5 million comparing Q3 2013 and Q3 2012 and the final payment of mining licence fee of \$0.9 million in 2012.

10. Statements of Financial Position

10.1. Cash and Cash Equivalents

The Group had approximately \$33.8 million in cash and cash equivalents as at September 30, 2013, compared to \$46.6 million as at December 31, 2012. The decrease of \$12.8 million was mainly the combined effect of a \$3.4 million advance to China Precision; the \$6.6 million payment for the acquisition of an office in Hong Kong; dividend payment of \$0.6 million; addition of exploration and evaluation assets and payments for the Gold Project of \$4.3 million and the payment for office expenses of \$3.4 million netting off the cash received from bank loans of \$5.4 million.

10.2. Exploration and Evaluation Assets

All the exploration and evaluation assets are related to the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the three and nine months ended September 30, 2013, additions in exploration and evaluation assets amounted to \$1.6 million and \$2.5 million.

10.3. Prepayments, deposits and other receivables

As at September 30, 2013, the deposits mainly represent the deposit of \$0.8 million (December 31, 2012: \$1.5 million) paid for construction work of the office building, mine design and related facilities of the Gold Project.

10.4. Deferred Expenditure

Pursuant to the supplemental agreement dated May 31, 2012 in relation to the disposal of Yanxi Copper Property, the Group was entitled to an additional consideration of \$10.8 million based on the resource estimate of the New Area. In return, the Group is responsible for applying for a mining licence for the New Area. The licence should be obtained on or before June 30, 2014. At September 30, 2013, the Group had incurred expenditures of \$2.7 million (December 31, 2012: \$2.1 million) in relation to New Area and this expenditure was recognized as deferred expenditure in the statement of financial position.

10.5. Other Financial Assets

Part of these financial assets represent the Convertible Bonds with a principal amount of \$28.3 million (HK\$220,000,000) issued by China Daye as partial consideration for the disposal of the equity interest in the Yanxi Copper Property. The Convertible Bonds are stated at \$26.6 million (December 31, 2012: \$26.6 million) as at September 30, 2013 based on their fair value as determined by an independent professional valuator as at December 31, 2012. These bonds are convertible into common shares of China Daye on or before their maturity date of December 31, 2013 at a price of \$0.068 (HK\$0.528) and bear interest at the rate of 1% per annum for the period from July 22, 2010 to July 22, 2012 if the Group does not exercise the conversion before the maturity date.

The remaining balance represents the \$1.0 million listed debentures and the 8% indirect unlisted equity interest in Tongxing of \$3.3 million.

10.6. Other Payables, Receipts in Advance and Accrued Liabilities

As at September 30, 2013, other payables, receipts in advance and accrued liabilities are mainly composed of the payables for the mining licence fee, tax, stamp duty and related payments of approximately \$20 million arising from the disposal of the Yanxi Copper Property.

10.7. Share Capital

As at September 30, 2013, GobiMin had 58,245,982 common shares issued and outstanding. During this quarter and the nine months ended September 30, 2013, 970,500 and 1,220,500 common shares were repurchased and cancelled respectively.

11. Related Party Transactions

The Group had the following transactions with related parties:

11.1. During the nine months ended September 30, 2013

- (a) Share-based payment expenses of \$46,271 (Q3 2012: \$0.2 million) in respect of options previously granted to directors and key management personnel.
- (b) Fees and other remunerations to directors and key management personnel of \$0.4 million (Q3 2012: \$0.7 million).
- (c) Rental income of \$19,305 (Q3 2012: \$19,058) from the office building in Xinjiang received from related parties.
- (d) Gain on disposal of a motor vehicle of \$75,194 (Q3 2012: Nil) to a related party.
- (e) Interest income of \$0.1 million (Q3 2012: \$0.2 million) received from China Precision.
- (f) No dividend income has been received from the associates in this quarter (Q3 2012: \$0.4 million).

11.2. As at September 30, 2013

- (a) Advance to China Precision of \$5.4 million (December 31, 2012: advance of \$2 million and dividend receivable of \$61,802), which were recorded as amounts due from an associate. Such advance is unsecured, bears interest at the rate of 2% per annum and is due on demand.
- (b) A deposit of \$80,438 (December 31, 2012: \$79,408) was paid to the non-controlling shareholder of an associate for exploration services.
- (c) A deposit of \$0.5 million (December 31, 2012: \$0.5 million) was paid to the non-controlling shareholder of a non-wholly owned subsidiary for exploration services.
- (d) Mortgage loan of outstanding balance at September 30, 2013 of \$2.0 million (December 31, 2012: Nil) was secured by a corporate guarantee given by China Precision and a personal guarantee given by a director.
- (e) Second legal charge over the Group's leasehold land and buildings to secure a banking facility of \$1.7 million (December 31, 2012: Nil) granted to China Precision, of which \$1.7 million was utilized as at September 30, 2013.

12. Capital Commitment

As at September 30, 2013, the Group had the following capital commitments in sum of \$7.9 million that the Group had contracted, but not provided for:

- (a) The Group has entered into agreements for exploration services, construction of an office building and mine design and related facilities in relation to the Gold Project. The total contracted amount is \$19.2 million (RMB119,291,859) of which \$11.3 million (RMB70,297,900) was paid with remaining balance of \$7.9 million (RMB48,993,959) as contractual commitment.
- (b) The Group has contracted commitment for capital contributions payable to an associate of \$0.5 million (RMB3,200,000).

13. Off-Balance Sheet Arrangements

The Group does not have any off-balance sheet arrangements.

14. Proposed Transaction: Yanxi Copper Property - New Area

According to the share transfer agreement dated July 14, 2010 and various supplemental agreements in respect of the disposal of the Yanxi Copper Property, the Group is responsible for applying for the New Mining Licence. The remaining balance of \$5.4 million (HK\$42,080,220) is withheld by China Daye and will be used to settle the fee relating to the application for the New Mining Licence. The balance, if any, will be payable in cash by China Daye upon obtaining the New Mining Licence by June 30, 2014. GobiMin is entitled to 40% of the balance payment (Please see also Note 3.3 (b)).

15. Outstanding Share Data

The following table provides information concerning the Company's share capital and convertible securities:

As at	December 31, 2012	September 30, 2013	November 21, 2013
Number of Common Shares Outstanding	59,466,482	58,245,982	58,205,482
Options	2,832,000	1,738,000	1,738,000
Total Number of Common Shares Fully Diluted	62,298,482	59,983,982	59,943,482

16. Risk Factors

The mining business conducted by the Group is subject to a number of risks, including those outlined below. These risk factors could materially affect the Group's future operating results and could cause actual events to differ materially from those described in the forward-looking statements relating to the Group. Readers should also be aware that there are particular risks of doing business in China, some of which are outlined below.

16.1. Metal Prices

The profitability of the Group may be significantly affected by changes in the market price of metals. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Group. Interest rates, inflation, exchange rates and world supply of mineral commodities can all cause fluctuations in the market prices for these metals. Such external economic factors are in turn influenced by changes in international economic growth patterns and political developments.

The Group may apply its free cash balances to metal trading operations. These transactions are by their very nature speculative and could result in GobiMin suffering financial losses.

16.2. Currency Risks

Part of the Group's operating expenses and revenues from operations are in RMB, one of the main currencies used by the Group. Currently, the RMB is linked to the US dollar by exchange rates managed through China's central bank. Accordingly, exchange rate fluctuations with the RMB may adversely affect the Group's financial position and operating results. The Group does not currently engage in foreign currency hedging activities.

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior

approval from the State Administration of Foreign Exchange ("SAFE") or review by the payment bank in accordance with regulations issued by SAFE. However, even on the current account the RMB is not a freely convertible currency. Foreign invested enterprises in China are currently allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There is no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account or repatriate profits. These limitations could affect the ability of the Group to pay dividends, obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

16.3. Exploration, Development and Operating Risks

The exploration and development of mineral deposits involves significant risks over a significant period of time, which even with a combination of careful evaluation, experience and knowledge may not be eliminated. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economic viability of a mineral deposit depends on many factors, including size, grade, cost of operations, metal prices, cost of processing equipment, continuing access to smelter facilities on acceptable terms, government regulations, land tenure, and environmental protection. The exact effect of these factors cannot be measured but the combinations of these factors may impact the success of the Group's mineral exploration, development and acquisition activities. Even after the commencement of mining operations, such operations may be subject to risks and hazards such as environmental hazards, industrial accidents, cave-ins, rock bursts, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Group. The Group does not maintain insurance against political or environmental risks.

The Group's properties are generally located in the Xinjiang region, a sector which has in the past experienced seismic activity of six to seven on the Richter scale. Therefore, planning for mines and infrastructures must consider seismicity in the design and there exist a risk that seismic activities may cause significant damages to the Group's infrastructures and operations in the area.

The development of mining properties has inherent risks. The Group may not have sufficient technical or financial resources to complete the projects. Costs over-runs are common in mining projects and may pose a risk for the Group.

16.4. Uncertainty of Ore Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the

actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

For some of its properties, the Group may prepare its own mineral reserves and resources estimate only in accordance with the former China Ministry of Geological and Mineral Resources ("CMGMR") classification system. The CMGMR classification system is not compliant with the Canadian Securities Administrators NI 43-101. These figures are only estimates and there cannot be any assurance given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are determined based upon assumed commodity prices and operating costs. These factors may in the future render certain mineral reserves and resources unproductive and may ultimately result in a significant reduction in reserves and resources.

16.5. Capital Requirements

The Group does have limited financial resources. Although the Group believes it will be able to fund the development of its mineral properties through existing working capital, and a combination of debt and equity, there can be no assurance the Group will be able to raise additional funding if needed. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of some of the Group's properties.

16.6. Risks Relating to Conducting Business in China

The business operations of the Group are located in, and the revenues of the Group are derived from activities in, China. Accordingly, the business, financial condition and results of operations of the Group could be significantly and adversely affected by economic, legal, political and social changes in China. Generally, China demonstrates favourable policies towards foreign investments. However, there is no guarantee that current policy trends and the existing economic policy of China will not be changed. A change in policies in China could adversely affect the Group.

China's local, provincial and central authorities exercise a substantial degree of control over the mining industry in China. The Group's operations are subject to Chinese laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor standards, occupational health and safety, waste treatment and environmental protection, and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may restrict the business operations of the Group or increase the Group's operating costs and thus adversely affect the Group's results.

16.7. Permits and Licences

The operations of exploration and mining require specific licences and permits e.g. exploration licence for exploration activities and exploitation licence for exploitation activities. Any changes in regulations imposed by the governments due to any reasons are beyond the control of the Group and may adversely affect its business and its ability or retain title to its property and obtain some of the necessary licences. The changes of regulations may include, but not limited to, varying degrees of those with respect to stricter restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety.

GobiMin's exploration and exploitation licences are subject to annual audit by the Department of Land and Resources of Xinjiang, China. In their annual audit, the authorities may consider whether the Group's mining activities have been in compliance with the relevant laws and regulations. If the Group

fails to meet the relevant requirements or materially breaches any laws or regulations, it may not pass such audit, in which case it may be subject to penalties in accordance with applicable laws, or be given a deadline to rectify deficiencies, or, in serious cases, have its permits and licences revoked. While the Group has never encountered such problems in the past, there can be no assurance that it will pass future audits. Should permits or licences be suspended or revoked, GobiMin's business and results of operations could be materially affected. The mining licence for the Gold Project was granted for an initial period of 8 years. As at September 30, 2013, the remaining valid period of the mining licence was approximately 5 years. There is no guarantee that such mining licence will be renewed at its expiration.

16.8. Environmental Regulation

The mining operations of the Group are subject to environmental regulations promulgated by relevant governments. The relevant environmental regulations impose restrictions and prohibitions on spills, or handling of various substances produced during mining or processing operations. In addition, approval of environmental impact assessment for certain types of the mining operations are required. In breach of such regulations or failure of the governmental approval may result in the imposition of fines and penalties. The costs of compliance with environmental regulations, such as advanced equipment which is environmental friendly, has the potential to reduce the profitability of future operations.

16.9. Dependence on Key Managerial Employees

The success of the Group is highly dependent upon the continued services of a small number of key managerial employees both in Canada and China, including Mr. Felipe Tan, the Chief Executive Officer of the Company and Mr. Zhang Ming, a Director of the Company and General Manager of the Chinese subsidiary. The Group does not currently maintain key-man life insurance policies on any member of management. Accordingly, the loss of any of these executives could have a material adverse effect on the Group.

16.10. Competition

There is significant and increasing competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Group competes with other mining companies, some of which have greater financial resources, and as a result, the Group may not be able to acquire mineral interests on terms it considers acceptable. As well, the Group competes for the recruitment and retention of qualified employees and other personnel. The current economic growth in China and the corresponding creation of a more liquid market for skilled employees may lead to future problems in retaining local Chinese management. As a result of this competition, the Group may not be able to acquire additional mineral interests and hire or retain qualified personnel for its projects.

16.11. Dividend Policy

GobiMin has been declaring and paying an annual dividend to its shareholders since 2005. GobiMin currently intends to continue to pay annual dividends subject to earnings, capital availability and periodic determinations that cash dividends are in the best interest of the Group and our shareholders. Our dividend policy may change from time to time at the discretion of our board of directors and we may or may not continue to declare dividend payments. A change in our dividend policy could have a negative effect on our stock price.

16.12. Joint Ventures

The Group's interests in its mineral properties are usually held through joint venture companies established under and governed by the laws of China. The Group's joint venture partners in China

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include state-sector entities whose actions and priorities may be dictated by government policies instead of purely commercial considerations. In addition, the Group's activities and results may be affected by problems encountered with or by its joint venture partners.

16.13. Concentration of Credit Risks

The Group is exposed to credit risks with respect to cash equivalents, other receivables, amounts due from associates, amounts due from related parties and other financial assets. The maximum exposure is equal to the carrying amount of these assets included on the consolidated statements of financial position. There is a concentration of credit risk arising from the Convertible Bonds issued by China Daye stated at \$26,620,721 as at September 30, 2012. Management believes that the risk of credit loss on the Convertible Bonds is minimal as the issuer of the convertible bonds is a listed company of Stock Exchange of Hong Kong Limited.